

427

INFORMATION REPORT

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SUPPLEMENT TO REPORT NO. 25X1X

China/Taiwan

SUBJECT Effect of CH'EN Kuo-fu's Death on the CC Clique

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1. The probable successor to CH'EN Kuo-fu as head of the CC Clique will be CH'EN Li-fu, who is now in the United States. The main strength of this clique is in the Legislative Yuan, where there are 100 members. The CC Clique, however, has no real power. On the China mainland it controlled the Industrial and Mining Bank of China and the Farmers' Bank of China, but it is now apparently making no effort to revive its financial power.
2. CH'EN Kuo-fu's death does not affect the CC Clique to any extent since CH'EN had been sick for some time and CH'EN Li-fu had been the directing mind behind the clique. The only effect is that CH'EN Li-fu has lost the counsel of CH'EN Kuo-fu in planning clique strategy.¹
3. CH'EN Li-fu has transferred some of the CC Clique's funds and may link up with H. H. K'UNG, who is now in New York. Recently the clique attempted a comeback by requesting that CH'EN Li-fu return from abroad. This request was initiated by CC Clique members in the Legislative Yuan who believe that CH'EN, who holds the position of minister without portfolio, can control 60 percent of some 500 legislators in Taipei.
4. Nationalist government lawmakers have ousted their president, or speaker, LIU Chien-chun, because of extravagance and want to put in their own man, possibly CH'EN Li-fu. The CC Clique will probably have the backing of the pro-German clique headed by Doctor CHU Chia-hua since its members have already lined up with the CC Clique in its effort to remove LIU. These two cliques want to control the Legislative Yuan in order to influence the future confirmation of a premier following the expected resignation of CH'EN Ch'eng.

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[REDACTED]

2. The CC Clique is most influential in the Legislative Yuan and has little power either in the executive branch of the government or in the Kuomintang. It has no branches in Hong Kong. A statement made by Doctor TAI Pao-liu (戴葆璽)² throws some light on the present position of the CC Clique. TAI stated that clique strife was about to take place in Taiwan and that the CC Clique still wanted to maneuver for a position with CH'EN IA-fu as leader in absentia. TAI added that the CC Clique clashed frequently with the Political Science Clique, but that for the present Premier CH'EN Ch'eng and CHIANG Ching-kuo still hold the upper hand.

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1. [REDACTED] Comment. [REDACTED] for previously reported information from [REDACTED] CH'EN Kuo-fu's power and the strength and influence of the CC Clique.

25X1A 25X1A

2. [REDACTED] Comment. TAI Pao-liu visited Taipei in August 1951. He left Hong Kong in September for the United Nations Civil Aviation Conference in Montreal. His observation on the Nationalist political situation was made shortly after he returned to Hong Kong from Taiwan.

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